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Anderson,
ZurMuehlen, and
Company
Montana State
Lottery

MONTANA STATE LOTTERY

**REPORT ON
MONTANA CASH DRAWINGS**

JUNE 30, 1992

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MONTANA STATE LOTTERY
REPORT ON
MONTANA CASH DRAWINGS
JUNE 30, 1992

ANDERSON ZURMUEHLEN & CO., P.C.
Certified Public Accountants

MONTANA STATE LOTTERY

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STATE OF MONTANA

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59620
406/444-3122



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MARY BRYSON
Operations and EDP Audit

JAMES GILLET
Financial-Compliance Audit

JIM PELLEGRINI
Performance Audit

October 1992

The Legislative Audit Committee
of the Montana State Legislature:

Enclosed is the report on the audit of the Montana State Lottery
Observations for the year ended June 30, 1992.

The audit was conducted by Anderson, ZurMuehlen & Co., P.C., under
a contract between the firm and our office. The comments contained
in this report represent the views of the firm and not necessarily
the Legislative Auditor.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Scott A. Seocat", written over a horizontal line.

Scott A. Seocat
Legislative Auditor

MONTANA STATE LOTTERY
Commission Members and Administrative Officials
June 30, 1992

Commission Members

Residence

Ward Shanahan, Chairman

Helena

Rebecca Erickson

Glasgow

William Ware

Helena

David Kasten

Brockway

Dwaine Iverson

Shelby

Administrative Officials

Sandra Guedes, Director

L. John Onstad, Security

Gerald J. LaChere, Operations

Janet Drexel Bone, Marketing

INTRODUCTION

We performed agreed-upon procedures on the Montana State Lottery for the year ended June 30, 1992.

The agreed-upon procedures consist of (1) witnessing and reporting on all Montana Cash drawings; (2) examining all lottery drawing equipment prior to and after each related drawing; and (3) testing compliance with applicable statutes and regulations.

BACKGROUND

The Montana State Lottery was created in November 1986 by a referendum vote of the people of Montana. The "Montana State Lottery Act of 1985" rules and subsequent changes are outlined by Chapter 669 of the Montana Session Laws and Title 23, Chapter 7, of the Montana Code Annotated. The general purpose is to allow lottery games in which the players purchase from the state, through the administration of the state lottery, a chance to win a prize.

REPORTABLE OBSERVATIONS

In addition to the accountants' opinion, we are to report on serious inadequacies in operating controls and procedures, activities not authorized by the Legislature, and our recommendations to the State and the Lottery. We have nothing to report in those areas.





ANDERSON ZURMUEHLEN & CO., P.C.

Certified Public Accountants & Business Consultants

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Commissioners
Montana State Lottery
Helena, Montana

We have applied the procedures enumerated below to the accompanying statements of Montana Cash Lottery drawings for the year ended June 30, 1992. These procedures, which were agreed to by a legislative auditor's contract were performed solely to assist you in evaluating the procedures used in Montana Cash Lottery drawings. This report is intended solely for your information and should not be used by those who did not participate in determining the procedures.

The agreed-upon procedures were designed to review the applicable rules as developed by the Montana State Lottery to determine that such rules are adequate to insure:

- All drawings are conducted in accordance with applicable rules and regulations.
- All drawings are conducted in a secure, honest and fair manner.

The agreed-upon procedures consist of:

- Witnessing and reporting on all Montana Cash Lottery drawings.
- Examining all lottery drawing equipment prior to and after each related drawing.
- Testing compliance with applicable rules, statutes, and regulations.

These agreed-upon procedures are substantially less in scope than an audit, the objective of which is the expression of an opinion on the statements of Montana Cash Lottery drawings. Accordingly, we do not express such an opinion.

ANDERSON ZURMUEHLEN & CO., P.C.
Certified Public Accountants & Business Consultants

Based on the application of the agreed-upon procedures referred to above, nothing came to our attention that caused us to believe that the accompanying statements of Montana Cash Lottery drawings are not presented in conformity with above agreed-upon procedures. Had we performed additional procedures or had we made an audit of the statements of Montana Cash Lottery drawings other matters might have come to our attention that would have been reported to you.

Anderson Zurmuehlen & Co., P.C.

Helena, Montana
June 30, 1992

MONTANA STATE LOTTERY
STATEMENT OF MONTANA CASH WINNINGS NUMBERS
 Year Ended June 30, 1992

The procedures we performed are summarized as follows:

1. We read "Montana Cash Drawing Procedures". In performing these and other steps of our procedures, we gave consideration to the adequacy of controls over the drawing process.
2. We observed the unlocking of the machine cabinet and determined that the seals on the machine cabinet door, ball locker and ball sets were unbroken and that the seals were numbered the same as the seals placed there when we were last present.
3. We observed the random selection of the primary and back-up drawing machines and the primary and alternate ball sets.
4. We observed the drawing, recorded the results and determined that the applicable procedures were followed.
5. We observed the official "Montana Cash Drawing" and determined that the applicable procedures were followed.
6. We observed the performance of one post-drawing test, recorded the results and determined the applicable procedures were followed.
7. We observed the resealing of the ball set, ball locker and machine cabinet door.

We have furnished the Office of the Legislative Auditor with a summary letter after each drawing that the Montana Cash drawings were performed and observed by us. The letter would include any unusual occurrences or deviations from the established rules and procedures.

The following Montana Cash drawings were held at KXLF, Butte, Montana. The winning numbers were:

<u>DATE</u>	<u>WINNING NUMBERS</u>				
July 6, 1991	23	9	27	21	4
July 13, 1991	11	3	36	24	31
July 20, 1991	13	19	11	30	31
July 27, 1991	4	32	29	7	30
August 3, 1991	29	22	27	28	18
August 10, 1991	28	4	20	18	23
August 17, 1991	36	19	31	21	34
August 24, 1991	16	31	11	5	12
August 31, 1991	5	21	10	4	29

MONTANA STATE LOTTERY
STATEMENT OF MONTANA CASH WINNING NUMBERS (CONTINUED)
 Year Ended June 30, 1992

<u>DATE</u>	<u>WINNING NUMBERS</u>				
September 7, 1991	1	11	2	30	21
September 14, 1991	34	28	12	20	17
September 21, 1991	36	20	34	18	30
September 28, 1991	34	18	6	23	28
October 5, 1991	11	14	27	12	15
October 12, 1991	36	37	17	25	5
October 19, 1991	31	36	27	7	6
October 26, 1991	33	12	14	29	30
November 2, 1991	13	31	33	35	32
November 9, 1991	23	16	28	4	1
November 16, 1991	30	29	3	23	13
November 23, 1991	31	30	19	24	4
November 30, 1991	28	10	6	14	1
December 7, 1991	7	29	8	5	32

The following drawings were held at Video Express, Helena, Montana. The winning numbers were:

<u>DATE</u>	<u>WINNING NUMBERS</u>				
December 14, 1991	22	26	18	24	11
December 21, 1991	1	2	28	6	9
December 28, 1991	4	2	17	19	6
January 4, 1992	4	1	24	37	3
January 11, 1992	17	23	35	31	15
January 18, 1992	29	37	34	32	28
January 25, 1992	26	1	21	19	24
February 1, 1992	4	28	33	1	21
February 8, 1992	25	7	37	10	19
February 15, 1992	37	16	29	8	24
February 22, 1992	1	23	26	30	35
February 29, 1992	23	10	15	28	21
March 7, 1992	10	19	7	12	36
March 14, 1992	27	13	19	28	4
March 21, 1992	22	11	34	35	29
March 28, 1992	4	23	35	1	13
April 4, 1992	21	37	23	3	12
April 11, 1992	1	23	19	2	35
April 18, 1992	17	14	6	12	15

MONTANA STATE LOTTERY
STATEMENT OF MONTANA CASH WINNINGS NUMBERS (CONTINUED)
 Year Ended June 30, 1992

The following drawings were held twice a week, Wednesdays and Saturdays, at Lottery Headquarters, Helena, Montana. The winning numbers were:

<u>DATE</u>	<u>WINNING NUMBERS</u>				
April 22, 1992	9	30	2	22	6
April 25, 1992	23	10	19	11	37
April 29, 1992	30	20	5	24	18
May 2, 1992	34	17	26	5	31
May 6, 1992	17	29	32	8	13
May 9, 1992	5	34	31	27	3
May 13, 1992	12	10	25	33	18
May 16, 1992	19	14	17	28	24
May 20, 1992	8	11	30	4	1
May 23, 1992	18	31	32	33	27
May 27, 1992	17	16	12	5	9
May 30, 1992	36	28	27	2	14
June 3, 1992	23	17	10	6	19
June 6, 1992	29	22	2	23	18
June 10, 1992	35	24	29	36	3
June 13, 1992	36	18	33	1	16
June 17, 1992	17	15	31	2	3
June 20, 1992	25	30	27	12	5
June 24, 1992	29	24	28	19	1
June 27, 1992	6	26	33	24	7

